

TERMINATING STATE SERVICE

Terminations

Appointing authorities (all agencies) must advise employees terminating state service of their right to continue group insurance coverage. When an employee advises you that he or she is leaving state service:

- 1) Advise the employee that their LTD coverage is over.
- 2) Complete Insurance Enrollment and Change Form (Form-1) on behalf of the employee. Check termination box 9. For the termination reason, enter “leaving state service”. For the termination date, enter the last day of work.
- 3) Photocopy the completed Insurance Enrollment and Change Form (Form-1) and file it in the employee’s personnel file.
- 4) Send the **original** Insurance Enrollment and Change Form (Form-1) to the GIC.
- 5) Enter the termination information in the

HR/CMS or UMASS payroll system. The GIC interface will automatically update the MAGIC system with the termination information.

The employee may continue life insurance coverage at the same group rate under the portability option, unless he or she is retiring. The GIC’s life insurance carrier will contact employees leaving state service directly with this information.

The employee’s health options depend on his or her length of state service. See the corresponding options and procedures that follow. Options are listed in order of recommended selection.

Less than 10 years of state service

Option I: Keep GIC health coverage only under COBRA

Benefit: Allows the employee to stay in the same plan with the same group benefit.

Drawbacks: Employee pays 100% of the premium plus 2% for administration (no Commonwealth contribution).

Maximum coverage length – 18 months.

Procedure: See #1 through #5 above for general procedures. If the employee elects COBRA, check the COBRA block on Insurance Enrollment and Change Form (Form-1) before sending it to the GIC.

Instruct the employee to complete and return the COBRA application directly to the GIC.

Advise the employee that although he/she has 60 days to elect COBRA coverage, the coverage is effective the first day of the month following the coverage ending date. The longer the employee waits to send in the application, the more he/she will owe in retroactive premium.

Option II: Convert to Non-Group health coverage with current Plan

Benefit: Can keep coverage beyond 18 months.

Drawback: Benefits almost always less than GIC plan coverage.

Procedure: See #1 through #5 on page 23 for general procedures. Check Conversion box on Insurance Enrollment and Change Form (Form-1) before sending it to the GIC. Instruct the employee to contact their health plan for a non-group conversion application, benefit changes, procedures and costs.

Option III: Continue Basic Life and/or Optional Life coverage under the portability option.

Benefit: Continue life coverage at a competitive rate.

Drawback: Life insurance only coverage.

Procedure: See #1 through #5 on page 23 for general procedures. Let the employee know that the GIC will advise its life insurance carrier that the employee has left state service; the life insurance carrier will send portability information and an application in the mail to the employee's home.

Option IV: Convert to Non-Group life coverage with current Plan

Benefit: Ability to continue life insurance coverage.

Drawback: Benefits almost always less than GIC plan coverage.

Procedure: See #1 through #5 on page 23 for general procedures. Let the employee know that the GIC will notify its life insurance carrier that the employee has left state service; the carrier will mail a conversion package to the employee's home.

Ten or more years of state service

Instruct the employee to contact the Retirement Board to confirm retirement eligibility.

If the employee is under age 55 with ten years, but less than twenty years of state service, we recommend that the employee elect Deferred Retirement. Under this option, the employee must keep his/her money in the retirement system until he/she retires and continue, at a minimum, basic life coverage. This enables the employee to pick up health coverage at the retiree contribution rate when he or she retires. When the employee applies for their pension (at retirement) he or she should notify the GIC in order to pick up health coverage.

If the employee will not receive health coverage through another employer, he or she can

keep health and life coverage at the full cost premium until retirement.

Option I: Deferred Retiree Coverage:

Advise the employee that he/she has two options under Deferred Retirement:

- a) Keep life insurance paying 100% of the premium as a Deferred Retiree. Get health coverage elsewhere until retirement. Resume GIC health coverage at retirement. At retirement the Commonwealth will contribute the prevailing contribution percentage for retirees.

Procedure: See #1 through #5 on page 23 for general procedures. Instruct the employee to check the Deferred Retiree block on Insurance Enrollment and Change Form (Form-1), indicate his/her life and health selections and sign it before returning it to the GIC.

- b) Keep basic life and health insurance paying 100% of the premium until retirement. Advise the employee that if he or she gets health coverage elsewhere before retirement, to continue to keep at a minimum basic life insurance to ensure health benefits at retirement (Option Ia).

Procedure: See #1 through #5 on page 23 for general procedures. Instruct the employee to check the Deferred Retiree

block on Insurance Enrollment and Change Form (Form-1), indicate his/her life and health selection and sign it before returning to the GIC.

For the other alternatives, see the benefits, drawbacks, and procedures for **LESS THAN 10 YEARS OF SERVICE:**

Option II: Keep GIC health coverage only under COBRA.

Option III: Convert to Non-Group health coverage with current Plan.

Option IV: Continue basic life and/or optional life under portability option.

Option V: Convert to Non-Group Life with current Plan.

Twenty or more years of state service at any age OR Ten or more years of state service age 55 or over

*If the employee is eligible for retirement, but wants to defer retirement to collect a better pension (working elsewhere and obtaining health coverage through that employer), advise the employee to keep his/her basic life coverage so that he/she may pick up health benefits when they retire. Follow procedure for **10 OR MORE YEARS OF SERVICE.***

Instruct the employee to contact his/her Retirement Board to confirm retirement eligibility. See the **RETIREMENT** section of this manual for procedures and other important information.

Option I: Retirement Coverage (see **RETIREMENT** Section)

Option II: Deferred Retirement Coverage (See procedure for **10 OR MORE YEARS OF SERVICE**):

- a) Keep basic life insurance only paying 100% of the premium until retirement.
- b) Keep basic life and health insurance paying 100% of the premium until retirement.

For the following options, see benefits, drawbacks, and procedures for **LESS THAN 10 YEARS OF SERVICE:**

Option III: Keep GIC health coverage only under COBRA.

Option IV: Convert to Non-Group health coverage with current Plan.

Option V: Continue basic life and/or optional life under portability option.

Option VI: Convert to Non-Group Life with current Plan.



Appointing authorities (all agencies) must advise terminated laid off employees of their right to continue group insurance coverage at the time the employee receives a layoff notice. As soon as you know of a layoff:

- 1) Advise the employee that LTD coverage ends.
- 2) Complete Insurance Enrollment and Change Form (Form-1) on behalf of the employee. Check termination box 9. For the termination reason, enter "layoff". For the termination date, enter the last day of work.
- 3) Photocopy the completed Insurance Enrollment and Change Form (Form-1) and file it in the employee's personnel file.
- 4) Send the **original** Insurance Enrollment and Change Form (Form-1) to the GIC.

- 5) Enter the layoff information in the HR/CMS or UMASS payroll system. The GIC interface will automatically update the MAGIC system.

The employee's health options depend on his or her length of state service. See the corresponding options and procedures that follow. Options are listed in order of recommended selection.

The employee may also continue life insurance coverage under the portability option. The GIC will send the life insurance carrier the name and address of the laid off employee; the GIC's life insurance carrier will contact the laid off employee directly with portability information. The portability option is not available for employees who retire as the result of a layoff.

Less than 10 years of state service

Option I: Keep GIC health and life coverage for 39-weeks.

Benefit: Allows the employee to stay in the same health and life plan with the same group benefits.

Drawback: Employee pays 100% of the premium (no Commonwealth contribution). At the end of the 39-weeks, the former employee can switch to COBRA for the remaining 9 months of health coverage, for a total of 18 months coverage. The employee can elect non-group conversion for their life coverage (see page 28).

Procedure: See #1 through #5 above for general procedures. If the employee elects 39-week coverage, have the employee check the 39-week coverage block on Insurance Enrollment and Change Form (Form-1) and

indicate his/her life and health selections and sign it before sending the form to the GIC.

Option II: Keep GIC health coverage only under COBRA

Benefit: Allows the employee to stay in the same plan with the same group benefit.

Drawbacks: Employee pays 100% of the full-cost premium plus 2% for administration (no Commonwealth contribution). Maximum coverage length – 18 months.

Procedure: See #1 through #5 above for general procedures. If the employee elects COBRA, check the COBRA block on Insurance Enrollment and Change Form (Form-1) before sending it to the GIC.

Instruct the employee to complete and return the COBRA application directly to the GIC.

Advise the employee that although he/she has 60 days to elect COBRA coverage, the coverage is effective the first day of the month following the coverage ending date. The longer the employee waits to send in the application, the more he/she will owe in retroactive premium.

Option III: Convert to Non-Group health coverage with current Plan.

Benefit: Can keep coverage beyond 18 months.

Drawback: Benefits almost always less than GIC plan coverage.

Procedure: See #1 through #5 on page 27 for general procedures. Check Conversion box on Insurance Enrollment and Change Form (Form-1) before sending it to the GIC. Instruct the employee to contact their health plan for a non-group conversion application, benefit changes, procedures and costs.

Option IV: Continue basic life and/or optional life coverage under portability option.

Benefit: Continue life coverage at a competitive rate.

Drawbacks: Life insurance only coverage.

Procedure: See # 1 through # 5 on page 25 for general procedure. Let the employee know that the GIC will advise its life insurance carrier that the employee has left state service; the life insurance carrier will mail portability information and an application to the employee's home.

Option V: Convert to Non-Group life insurance with current Plan.

Benefit: Ability to continue life insurance coverage.

Drawback: Benefits almost always less than GIC plan coverage.

Procedure: See # 1 through # 5 on page 25 for general procedure. Let the employee know that the GIC will notify its life insurance carrier that the employee has left state service; the carrier will mail a conversion package to the employee's home.

10 or more years of state service

Instruct the employee to contact the Retirement Board to confirm retirement eligibility. Employee must be vested and must keep his retirement monies in the system.

Option I: Deferred Retiree Coverage:

Advise the employee that he/she has two options under Deferred Retirement:

a) Keep life insurance paying 100% of the premium as a Deferred Retiree. Get health coverage elsewhere until retirement. Resume GIC health coverage at retirement. At retirement the Commonwealth will contribute the prevailing contribution percentage for retirees.

Procedure: See #1 through #5 on page 27 for general procedures. Instruct the employee to check the Deferred Retiree block on Insurance Enrollment and Change Form (Form-1), indicate his/her life and health selections and sign it before returning it to the GIC.

- b) Keep basic life and health insurance paying 100% of the premium until retirement. Advise the employee that if he or she gets health coverage elsewhere before retirement, he/she may cancel health coverage, but should keep, at a minimum, basic life insurance to ensure health benefits at retirement (Option Ia).

Procedure: See #1 through #5 on page 27 for general procedures. Instruct the employee to check the Deferred Retiree

block on Insurance Enrollment and Change Form (Form-1), indicate his/her life and health selection and sign it before returning to the GIC.

For the other alternatives, see the benefits, drawbacks and procedures under **LESS THAN 10 YEARS OF SERVICE.**

- Option II:** Keep GIC health and life coverage for 39-weeks
- Option III:** Keep GIC health coverage only under COBRA
- Option IV:** Convert to Non-Group health coverage with current Plan
- Option V:** Continue Basic Life and/or Optional Life Coverage under portability option
- Option IV:** Convert to Non-Group Life Coverage with current Plan

20 or more years state service at any age OR Ten or more years of state service age 55 or over

*If the employee is eligible for retirement, but wants to defer retirement to collect a better pension (working elsewhere and obtaining health coverage through that employer), advise the employee to keep his/her basic life coverage so that he/she may pick up health benefits when they retire. Follow procedure for **10 OR MORE YEARS OF SERVICE.***

Instruct the employee to contact his Retirement Board to confirm retirement eligibility. See the **RETIREMENT** section of this manual for procedures and other important information.

Recommend that the employee review his/her optional life insurance coverage; the cost increases with age and at retirement. Advise his/her that their LTD coverage is over. Advise his/her that if they retire, he/she may continue

to have the same health and basic life coverage as when working (plus annual increases). The Commonwealth contributes the prevailing retiree premium percentage.

- Option I:** Retirement Coverage (see **RETIREMENT** Section)
- Option II:** Deferred Retirement Coverage (see benefits, drawbacks, and procedures for **10 OR MORE YEARS OF SERVICE:**
 - a) Keep basic life insurance only paying 100% of the premium until retirement
 - b) Keep basic life and health insurance paying 100% of the premium until retirement

For the following options refer to benefits, drawbacks and procedures for **LESS THAN 10 YEARS OF SERVICE SECTION:**

Option III: Keep GIC health and life coverage for 39-weeks

Option IV: Keep GIC health coverage only under COBRA

Option V: Convert to Non-Group health coverage with current Plan

Option VI: Continue Basic Life and/or Optional Life Coverage under portability option

Option VII: Convert to non-group life coverage with current Plan